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June 30, 1997

AUG 3 1 40 PM '97

John Gibson
Staff Director
Reports Analysis Division
Federal Election Commission
999 E St. NW
Washington, DC 20463


Dear Sir:

Attached is the first FEC report for 1997 for the Pete Stark Re-Election Committee, # C00020974. This report is balanced and has been reconciled with current financial statements provided by the bank and securities firm used by the campaign. Based on all records and to the best of my knowledge, this report is completely accurate.

I would like to call to your attention that the starting amount on this statement varies considerably from the closing amount on the last statement. This is attributable to two things: first, the campaign is now accounting for stock held in the campaign portfolio based on its cost basis rather than the market value as a more accurate and stable representation of campaign holdings. Second, in the process of putting all campaign financial information on computer software, the campaign has detected numerous errors in past recording and reporting of income and expenses, all attributable to stock transactions.

The campaign is in the process of reviewing the accounting methods used in computing stock transaction income and expenses on past reports and will be amending past FEC statements where necessary in all due haste.

Sincerely,



Rep. Pete Stark